

**SOUTH CAROLINA DEPARTMENT OF LABOR, LICENSING & REGULATION
BEFORE THE SOUTH CAROLINA REAL ESTATE COMMISSION**

IN THE MATTER OF:

SONYA MICHELLE DOUGLAS,

License Number REL. (BIC) 42390,

**Case Nos. 2013-283; 2013-388; 2013-505;
2013-548; 2013-584; 2013-613; 2014-25;
2014-53**

Respondent.

FINAL ORDER

This matter came before the South Carolina Real Estate Commission ("Commission") on September 17, 2014, for a hearing to consider the Memorandum of Agreement and Stipulations dated September 12, 2014. A quorum of Commission members was present. The hearing was held pursuant to S.C. Code Ann. §§ 40-1-70(6) and 40-57-60(2) (1976, as amended), and the provisions of the Administrative Procedures Act, S.C. Code Ann. § 1-23-10, *et seq.* (1976, as amended). Lauren N. Kearney, Assistant Disciplinary Counsel, represented the State. The Respondent was present and was not represented by Counsel. After consideration, the Commission voted to accept the Memorandum of Agreement and Stipulations, with the sanctions specified in this Order.

In the Memorandum of Agreement and Stipulations, the Respondent admitted to violations of S.C. Code Ann. §§ 40-57-135(B) (3), 40-57-145 (A) (10), 40-57-145(A) (18) and 40-1-110 (f) (1976, as amended).

Witnesses

For Respondent: Respondent and Cynthia McGhee

Exhibits

State's Exhibit 1: Memorandum of Agreement and Stipulations with exhibits dated September 12, 2014

Respondent's Exhibit 1: Letter dated January 16, 2014 from Respondent in response to complaints filed

Respondent's Exhibit 2: Case Number 2013-283-Paid in full
Respondent's Exhibit 3: Case Number 2013-388-Payment plan
Respondent's Exhibit 4: Case Number 2013-505-Paid in full
Respondent's Exhibit 5: Case Number 2013-548-Owed money and not receptive to a payment plan
Respondent's Exhibit 6: Case Number 2013-584- Payment plan
Respondent's Exhibit 7: Case Number 2013-613- Owed money and not receptive to a payment plan
Respondent's Exhibit 8: Case Number 2014-25-Payment plan
Respondent's Exhibit 9: Case Number 2014-53-Payment plan

FINDINGS OF FACT

Based upon the preponderance of the evidence in the record before the Commission, including Respondent's admissions in the Memorandum of Agreement and Stipulations and exhibits attached thereto, and testimony presented by the Respondent at the hearing, the Commission makes the following findings of fact:

1. At all times relevant to this matter, Respondent was duly licensed by the South Carolina Real Estate Commission as a Broker-in-Charge of Classic Properties of the Grand Strand, LLC (Classic Properties) in Myrtle Beach, South Carolina and is subject to the jurisdiction of the Commission.

2. While Respondent was working as the Broker-in-Charge of Classic Properties, approximately \$100,000.00 of client funds was unaccounted.

3. Respondent has since made restitution and partial restitution with payment plans to some of her clients harmed by her actions. Nonetheless, several clients filed complaints against Respondent with the South Carolina Department of Labor, Licensing and Regulation ("LLR"). She was not able to enter into a payment plan with some Complainants.

Case No. 2013-283

4. On or about January 17, 2011, Respondent entered into a property management agreement with Complainant 1.

5. Complainant 1 received monthly statements from Respondent indicating the rental proceeds had been deposited into his account.

6. However, approximately \$11,000 of rental proceeds owed to Complainant 1 went

unaccounted for in 2012 and 2013 as these funds were never actually deposited into Complainant 1's account.

7. On or about September 12, 2013, Respondent wrote a letter to LLR admitting that she failed to disburse rental proceeds to Complainant 1 in a reasonable time. Respondent also provided documentation demonstrating that she subsequently paid what was due to Complainant 1 in an effort to resolve this matter.

Case No. 2013-388

8. In 2010, Respondent and Complainant 2 entered into a property management agreement.

9. On or about September 30, 2012, Complainant 2 discovered she was missing rental proceeds from 2011 and 2012 in the amount of \$6,442.00.

10. On or about November 19, 2012, Respondent issued a check in the amount of \$6,442.00 to Complainant 2. The check was returned for insufficient funds.

11. Respondent testified that Complainant 2 agreed to a payment plan and she owed Complainant 2 \$2078.00. The initial balance was \$6,442.00.

Case No. 2013-505

12. In August 2013, Respondent entered into a property management agreement with Complainant 3.

13. Complainant 3 received rental proceeds for the month of August 2013, but did not receive any rental proceeds for subsequent months.

14. Respondent testified that she has paid the rental proceeds to Complainant 3 in full.

Case No. 2013-548

15. On or about July 1, 2013, Respondent entered into a property management agreement with Complainant 4.

16. Respondent's records reflect that Complainant 4 received a total of \$4,307.00 for the period of January 1, 2013, through December 31, 2013.

17. However, Complainant 4 only received a total of \$1,948.00 for the months of September, October, and November 2013.

18. On or about January 15, 2014, Respondent's agent admitted to Complainant 4 that monies owed were missing.

19. Respondent testified that Complainant 4 is still owed money. She testified that she contacted Complainant 4 to work out a payment plan, but he had not responded

Case No. 2013-584

20. In late 2013, Respondent was a party to a property management agreement with Complainant 5.

21. Respondent owed Complainant 5 approximately \$3,348.20.

22. Respondent testified that Complaint 5 agreed to a payment plan.

Case No. 2013-613

23. In late 2013, Respondent was a party to a property management agreement with Complainant 6.

24. Respondent owed Complainant 6 approximately \$2,400.00.

25. Respondent testified that she contacted Complaint 6 to work out a payment agreement, but he had not responded.

Case No. 2014-25

26. Complainant 7 was a tenant residing in a property managed by Respondent in December 2013. Complainant 7 was planning to move out of the rental property and collect her security deposit of \$1,950 in early 2014.

27. Respondent admitted to no longer having the security deposit to disburse back to Complainant 7, and she still owed Complainant 7 the full amount of the deposit.

28. Respondent testified that Complainant 7 had agreed to a payment plan.

Case No. 2014-53

29. In January 1, 2010, Respondent entered into a property management agreement with Complainant 8.

30. Respondent consistently disbursed rental proceeds two to three weeks late.

31. Respondent testified that Complainant 8 had agreed to a payment plan.

Mitigating Information Presented at the Hearing

32. The State submitted that Respondent self-reported, made and/or attempted restitution or payment plans and was cooperative throughout the investigation.

33. Respondent testified that she was co-owner of Classic Properties of the Grand Strand (Classic Properties) with her sister, Cynthia McGhee. She testified that Classic Properties operated for approximately 6 years. She testified that the economic downturn and bad business decisions made it difficult to recover from financial mistakes. She testified that no funds were ever taken out of the business for personal gain. She testified that the company had over 140 properties and had developed many client/owner relationships and it was not an option to leave them without the funds due to them. She testified that they accepted an offer of Park Avenue Properties for a client by client acquisition. She submitted that this acquisition was a good fit for their client/owner needs and offered a fee structure very similar to what was being paid to the Respondent's company. She submitted that approximately 60 clients agreed to participate in the acquisition, accept the funding offer and transfer to Park Avenue Properties. She submitted that approximately 18 client/owners had not agreed to the transition and some were already on a payment plan. She submitted that there were no outstanding security deposits owed to any previous tenant that was due a deposit refund and all tenant rent payments were now being payable directly to the owner with the management fee paid by the owner after the owners collect their funds.

34. Ms. Cynthia McGhee testified that she was not involved in the day to day business of Classic Properties and found out about the poor financial status of the company in mid 2013. She testified that she transferred her Property Manager's license to Park Avenue Properties to assist with the transition of their clients/owners and to have income to assist with payments towards the payment plans. She testified that they have tried to do the right thing and ask that her sister be allowed to maintain a license to earn income to pay clients restitution.

CONCLUSIONS OF LAW

Based upon careful consideration of the facts in this case, the Commission finds and concludes as a matter of law that:

1. The Commission has jurisdiction in this matter under S.C. Code §§ 40-1-115 and 40-57-60 (2) and upon finding that a Respondent has violated the statutes or regulations of the Commission, the Commission has the authority to order the revocation, suspension, or probation of a license to practice and prescribe conditions to be met during probation, restriction or suspension, including but not limited to the satisfactory completion of additional education, continuing education programs or a supervisory period.. Additionally, the Commission may assess a fine and impose a public reprimand. Upon a determination by the Commission that discipline is not appropriate, the Commission may issue a non-disciplinary letter of caution. S.C. Code Ann. §§ 40-57-150 and 40-1-120.

2. Respondent is in violation of S.C. Code Ann. § 40-57-135(B)(3) (1976, as amended), in that Respondent did not maintain all monies received in connection with real estate rentals in a trust account, and she did not disburse rental proceeds within a reasonable time.

3. Respondent is in violation of S.C. Code Ann. § 40-57-145(A) (10) (1976, as amended), in that Respondent did not, within a reasonable time, account for or remit monies that came into her possession which belonged to others.

4. Respondent is in violation of S.C. Code Ann. § 40-57-145(A) (18) (1976, as amended), in that Respondent issued a check in connection with her real estate business which was returned for insufficient funds.

5. Respondent is in violation of S.C. Code Ann. § 40-1-110(f) (1976, as amended), in that Respondent has committed a dishonorable, unethical, or unprofessional act that is likely to deceive, defraud or harm the public.

IT IS THEREFORE ORDERED, ADJUDGED, AND DECREED that:

1. Respondent's Broker-in-Charge license number REL.42390 shall be revoked. The Respondent's license shall be downgraded to a salesman license which is suspended for a period of two (2) years with such suspension stayed with the following conditions:

- a. Respondent's salesman license shall be on probation for a period of two (2) years from the date of this Order.

- b. Respondent shall pay a fine of \$500.00 per violation for a total fine of \$2000.00 within two (2) years of the date of this Order.
 - c. Respondent shall take the Ethics and Trust Account eight (8) hour continuing education class within six (6) months of the date of this Order.
 - d. Respondent shall submit written quarterly reports to the Commission on the progress and/or satisfaction of all payment plans with clients/owners referenced in testimony and documentation presented in the hearing.
2. Respondent shall appear before the Commission for consideration of reinstatement of her Broker-in-Charge license as required by statute.
3. Should the Respondent fail to comply with any of the terms and conditions of this Order, the Respondent's salesman's license shall be automatically revoked.
4. This Final Order shall take effect upon service of this Order on the Respondent.

AND IT IS SO ORDERED.

SOUTH CAROLINA REAL ESTATE COMMISSION



Tony K. Cox
Chairman

October 30, 2014